

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6334

BILL NUMBER: SB 86

NOTE PREPARED: Apr 19, 2011

BILL AMENDED: Apr 12, 2011

SUBJECT: Unemployment Benefits Qualifications.

FIRST AUTHOR: Sen. Leising

FIRST SPONSOR: Rep. Leonard

BILL STATUS: Enrolled

FUNDS AFFECTED: X GENERAL
X DEDICATED
X FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) *Extended Benefits*: The bill specifies the conditions for the payment of extended unemployment benefits after March 1, 2011.

Drug Test: The bill requires that a drug test used for unemployment purposes be performed at a United States Department of Health and Human Services certified laboratory, with specimen collection performed by a collector certified by the United States Department of Transportation, and that the cost of the drug test be paid by the employer. It provides that an individual is considered to have refused an offer of suitable work if the individual: (1) tests positive for drugs after; or (2) refuses without good cause to submit to; a drug test required by a prospective employer as a condition of an offer of employment. The bill specifies the conditions under which a drug test is positive for purposes of the unemployment insurance system. It also prohibits the admission of Department of Workforce Development (Department) records concerning the results of a drug test against a defendant in a criminal proceeding.

The bill makes technical corrections.

Effective Date: March 1, 2011 (Retroactive); July 1, 2011.

Explanation of State Expenditures: (Revised) *Extended Benefits*: The bill would allow eligible people receiving extended unemployment benefits to continue to receive the benefits after March 1, 2011. There are about 12,000 recipients who could lose benefits without the extended benefit period provided in the bill. The extended benefits are paid by the federal government, so there is no state fiscal impact. With extended benefits an eligible recipient is able to receive up to 99 weeks of unemployment benefits.

Drug Test: The impact on the state would be as an employer and also as the administrator of the Unemployment Insurance Trust. The state is a self-insurer. The state reimburses the trust for claims payments made, so a reduction in claims is a direct reduction in state costs.

The bill could also reduce expenditures from the Unemployment Insurance Trust if benefits are disqualified due to work refusal caused by the claimant having a positive preemployment drug test. To have a positive drug test, the claimant has to have a second confirmation test performed by a certified laboratory and reviewed by a licensed physician. A reduction in the claims on an employer's account would decrease the claims to the account and increase their experience account balance and could reduce the employer rate in future years. The impact would depend on the number of claims that were disqualified.

Background: The state paid about \$4.6 M in FY 2010, \$4.1 M in FY 2009, and \$4.1 M in FY 2008 to the Unemployment Insurance Trust Fund as an employer.

The trust fund paid about \$1 B in CY 2010, \$1.9 B in CY 2009, and \$1 B in CY 2008 for unemployment benefits.

If a claimant is denied further benefits due to the refusal to accept a job, the claimant must requalify for regular unemployment benefits by earning an amount equal to or exceeding their weekly benefit amount for 8 weeks. The benefits are then reduced by 75% after the first refusal, 85% for the second refusal, and 90% for the third refusal.

Explanation of State Revenues:

Explanation of Local Expenditures: The impact on local units would be as an employer. The impact would probably be minor.

Explanation of Local Revenues:

State Agencies Affected: All.

Local Agencies Affected: All.

Information Sources: Auditor's Trial Balance.

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